

EXHIBIT “A”

The Plan is Provided as a Separate Document

EXHIBIT “B”

To be Attached When Entered

EXHIBIT “C”

To be Provided

EXHIBIT D

Liquidation Analysis

1. Liquidation Proceeds

Preliminary and Confidential -
Subject to Material Change

Shapes/Arch Holdings, LLC Liquidation Analysis - Exhibit 1 Estimated Liquidation Proceeds

2) Uses	Month 1 Jul-08	Month 2 Aug-08	Month 3 Sep-08	Month 4 Oct-08	Month 5 Nov-08	Month 6 Dec-08	Month 7 Jan-09	Month 8 Feb-09	Month 9 Mar-09	Month 10 Apr-09	Month 11 May-09	Month 12 Jun-09	Month 13 Jul-09	Month 14 Aug-09	Month 15 Sep-09	Month 16 Oct-09	Month 17 Nov-09	Month 18 Dec-09	Total
a) <u>Priority and Administrative</u>																			
Chapter 7 Trustee & Professionals	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	2,961,842
Chapter 11 Non-Professionals	1,100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,100,000
Chapter 11 Priority Claims	1,326,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,326,000
Chapter 11 Administrative Claims	80,000	-	-	-	-	-	932,000	-	74,784	-	-	-	-	-	-	-	-	673,145	1,759,939
Subtotal	2,556,000	50,000	50,000	50,000	50,000	50,000	932,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	7,147,781
b) <u>Estimated Wind Down Costs</u>																			
Shapers	675,168	209,508	151,248	375,748	150,748	150,748	375,748	150,748	250,748	475,748	233,548	233,548	488,548	224,848	224,848	448,848	224,848	224,848	5,241,544
Dealer	171,760	100,060	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	387,820
Acou-Weld	197,080	103,220	40,760	19,760	19,760	39,760	19,760	19,760	39,760	19,760	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	519,360
Ultra	348,740	70,760	53,160	8,660	8,660	8,660	8,660	8,660	8,660	151,200	-	-	-	-	-	-	-	-	524,860
Total Wind Down Costs	1,382,748	483,568	251,168	410,168	185,168	205,168	410,168	185,168	305,168	501,168	239,548	239,548	484,548	230,848	230,848	455,848	230,848	230,848	6,953,384
c) <u>Other</u>																			
Collection Agency	-	-	276,372	276,372	276,372	276,372	276,372	276,372	-	-	-	-	-	-	-	-	-	-	1,658,234
Inventory Liquidator (Fee & Exp)	-	-	-	550,466	67,755	-	-	-	607,725	-	-	-	-	-	-	-	-	-	678,221
M&E Liquidator	-	-	-	-	21,303	-	176,294	70,814	-	-	-	-	-	-	-	-	-	-	876,136
Reserve for M&E Removal	-	-	-	-	-	-	75,000	-	-	-	-	-	-	-	-	-	-	-	325,000
Real Estate Broker	-	-	-	-	-	-	-	-	152,500	151,200	-	-	-	-	-	-	-	-	303,700
Total Other	-	-	276,372	826,838	365,431	276,372	527,667	347,187	1,010,276	151,200	-	-	-	-	-	-	-	-	4,604,542
Net Proceeds from Liquidation	14,805,897	9,680,784	1,264,842	10,128,792	2,567,256	1,335,842	1,122,843	1,757,223	5,178,763	1,842,292	(264,548)	(264,548)	(489,548)	(255,948)	(255,948)	(480,948)	(255,948)	14,551,515	61,989,023
3) <u>Maintain Cash Balance</u>																			
Beginning Cash Balance	2,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plus: Additional	-	2,500,000	2,505,208	2,510,428	2,515,658	2,520,899	2,526,150	2,531,413	2,536,687	2,541,972	2,547,268	2,552,568	2,557,868	2,563,168	2,568,468	2,573,768	2,579,068	2,584,368	2,589,668
Less: Interest on Cash Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Use of Cash Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	2,500,000	2,505,208	2,510,428	2,515,658	2,520,899	2,526,150	2,531,413	2,536,687	2,541,972	2,547,268	2,552,568	2,557,868	2,563,168	2,568,468	2,573,768	2,579,068	2,584,368	2,589,668	(0)
4) <u>Secured Debt Rollforward</u>																			
Beginning of Month	67,671,612	62,557,411	53,456,185	52,698,130	43,083,922	40,934,474	40,019,174	39,309,564	37,960,008	33,178,134	31,694,544	32,041,399	32,391,023	32,743,440	33,098,671	33,456,738	33,817,665	34,181,475	67,671,612
Plus: Draw Under Ultra L/C's	3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000,000
Plus: Draw Under Worker Comp - Prior	1,855,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,855,000
Plus: Draw Under Worker Comp - Sundry	1,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,700,000
Plus: Interest - Blended Rate	411,951	390,828	325,422	320,806	262,280	249,195	243,623	239,303	231,087	201,977	192,945	195,057	197,185	199,331	201,493	203,673	205,870	208,085	4,470,122
Plus: Additional Interest - Default Rate	128,447	118,740	101,465	100,026	81,778	77,698	75,960	74,613	72,052	62,975	60,159	60,818	61,481	62,150	62,825	63,504	64,189	64,880	1,393,763
Plus: Letter of Credit Fee	16,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,388
Plus: Fees - Arcus	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	1,440,000
Plus: Fees - CIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Return of Cash Balance	(12,305,997)	(9,880,794)	(1,264,842)	(10,128,792)	(2,587,256)	(1,335,842)	(1,122,843)	(1,757,223)	(5,178,763)	(1,842,292)	-	-	-	-	-	-	-	-	(303,988)
Less: Paydown (net of additions to cash)	62,557,411	53,456,185	52,698,130	43,083,922	40,934,474	40,019,174	39,309,564	37,960,008	33,178,134	31,694,544	32,041,399	32,391,023	32,743,440	33,098,671	33,456,738	33,817,665	34,181,475	34,537,287	(61,756,459)
End of Month	67,671,612	62,557,411	53,456,185	52,698,130	43,083,922	40,934,474	40,019,174	39,309,564	37,960,008	33,178,134	31,694,544	32,041,399	32,391,023	32,743,440	33,098,671	33,456,738	33,817,665	34,181,475	19,692,687
Shortfall to Secured Creditors																			19,692,687
5) <u>Remaining Chapter 11 Priority Claims</u>																			
303(b)(9) Claims	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued PTO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employer Taxes on Accrued PTO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000
Shortfall BEFORE Unsecured Creditors																			23,526,063

Preliminary and Confidential -
Subject to Material Change

1. Liquidation Proceeds

4/14/2008

Shapes/Arch Holdings, LLC
Liquidation Analysis - Exhibit 2
Proceeds Comparison

Accounts Receivable									
	Estimated Book Value	Estimated Borrowing Base Avail.	Estimated Gross Liquidation Proceeds	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base
Shapes	6/15/2008	6/15/2008	6/15/2008	6/15/2008	6/15/2008	6/15/2008	6/15/2008	6/15/2008	6/15/2008
Debit	14,267,864	11,557,348	9,177,360	64.2%	64.2%	64.2%	64.2%	64.2%	64.2%
Accu-Wild	13,618,274	10,833,083	8,889,570	64.3%	64.3%	64.3%	64.3%	64.3%	64.3%
Ultra	4,220,790	3,155,888	1,746,352	41.4%	41.4%	41.4%	41.4%	41.4%	41.4%
Total	38,939,833	4,019,830	3,615,065	60.9%	60.9%	60.9%	60.9%	60.9%	60.9%
	38,276,781	29,566,149	23,428,367	61.2%	61.2%	61.2%	61.2%	61.2%	61.2%
Inventory									
	Estimated Book Value	Estimated Borrowing Base Avail.	Estimated Gross Liquidation Proceeds	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base
Shapes	4/20/2008	4/20/2008	4/20/2008	4/20/2008	4/20/2008	4/20/2008	4/20/2008	4/20/2008	4/20/2008
Debit	12,465,844	7,853,183	13,365,560	84.1%	84.1%	84.1%	84.1%	84.1%	84.1%
Accu-Wild	12,809,270	6,315,320	10,875,565	53.6%	53.6%	53.6%	53.6%	53.6%	53.6%
Ultra	2,537,740	589,138	2,740,148	54.9%	54.9%	54.9%	54.9%	54.9%	54.9%
Total	17,552,855	3,263,811	17,216,797	57.2%	57.2%	57.2%	57.2%	57.2%	57.2%
	45,775,739	24,021,451	44,188,070	61.9%	61.9%	61.9%	61.9%	61.9%	61.9%
Machinery & Equipment									
	Estimated Book Value	Estimated Borrowing Base Avail.	Estimated Gross Liquidation Proceeds	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base
Shapes	12/17/2007	12/17/2007	12/17/2007	12/17/2007	12/17/2007	12/17/2007	12/17/2007	12/17/2007	12/17/2007
Debit	9,035,000	4,625,275	3,700,220	52.4%	52.4%	52.4%	52.4%	52.4%	52.4%
Accu-Wild	700,000	524,550	472,095	67.4%	67.4%	67.4%	67.4%	67.4%	67.4%
Ultra	1,903,000	1,382,700	1,175,295	61.8%	61.8%	61.8%	61.8%	61.8%	61.8%
Total	11,844,000	6,990,325	5,840,910	56.1%	56.1%	56.1%	56.1%	56.1%	56.1%
	11,844,000	6,990,325	5,840,910	56.1%	56.1%	56.1%	56.1%	56.1%	56.1%
Real Estate									
	Estimated Book Value	Estimated Borrowing Base Avail.	Estimated Gross Liquidation Proceeds	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base	Estimated Proceeds as a % of Base
Shapes	9/28/2007	9/28/2007	9/28/2007	9/28/2007	9/28/2007	9/28/2007	9/28/2007	9/28/2007	9/28/2007
Debit	9,770,000	9,425,000	7,540,000	77.1%	77.1%	77.1%	77.1%	77.1%	77.1%
Accu-Wild	7,900,000	7,725,000	6,180,000	77.1%	77.1%	77.1%	77.1%	77.1%	77.1%
Ultra	3,300,000	3,725,000	2,520,000	76.3%	76.3%	76.3%	76.3%	76.3%	76.3%
Total	24,570,000	22,775,000	18,782,500	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%

Shapes/Arch Holdings, LLC

Liquidation Analysis

Assumptions

April 14, 2008

Introduction

Section 1129(a)(7) of the Bankruptcy Code requires that each holder of an impaired Allowed Claim or Equity Interest either (a) accept the plan of reorganization (the "Plan") or (b) receive or retain under such Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

The purpose of the Liquidation Analysis that follows (the "Liquidation Analysis") is to provide information in order for the Bankruptcy Court to determine that the Plan satisfies this requirement. The Liquidation Analysis was prepared to assist the Bankruptcy Court in making this determination and should not be used for any other purpose.

We have identified the general assumptions that were used in preparing the Liquidation Analysis, which assumes that this bankruptcy case is converted to a Chapter 7 proceeding on the Effective Date, and that a Chapter 7 Trustee is charged with reducing to cash any and all assets of the Debtors and making distributions to the holders of Allowed Claims (and Equity Interests) in accordance with the distributive provisions of Section 726 of the Bankruptcy Code.

Conversion of the Debtors' cases to cases under Chapter 7 of the Bankruptcy Code would likely result in additional costs to the estates. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee as well as professionals retained by the trustee, asset disposition expenses (including broker fees and other commissions), personnel costs, and costs and expenses associated with preserving and protecting the Debtors' assets during the liquidation period.

The Liquidation Analysis is limited to presenting information provided by management and does not include an independent evaluation for the underlying assumptions. The Liquidation Analysis has not been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. The estimates and assumptions, although considered reasonable by management, are inherently subject to significant uncertainties and contingencies beyond the control of management. Accordingly, there can be no assurance that the results shown would be realized if the Debtors were liquidated, and actual results in such case could vary materially from those presented. If actual results are different from those shown, or if the assumptions used in formulating the Liquidation Analysis were not realized, then distributions to and recoveries by holders of Allowed Claims (and Equity Interests) could be materially affected.

The Liquidation Analysis does not include liabilities that may arise as a result of litigation, tax assessments, or other potential claims. The Liquidation Analysis does include an estimate of recoveries from potential avoidance actions. For the foregoing reasons and others, the Liquidation Analysis is not necessarily indicative of the values that may be realized in an actual liquidation, which values could vary materially from the estimates provided herein.

The Liquidation Analysis, which was prepared by the Debtors in consultation with their restructuring and legal advisers, is based upon a number of estimates and assumptions that, although developed and considered reasonable by management, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtors and management. The Liquidation Analysis is based upon assumptions with regard to liquidation decisions that would be made by the Trustee (not management) and that are subject to change. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized by the Debtors were they, in fact, to undergo such a liquidation.

General Assumptions

- 1) The Liquidation Analysis is based upon an estimate of the proceeds that would be realized, and expenses that would be incurred, by the Debtors in the event that the Debtors' assets are liquidated under Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is based upon projected balance sheets as of June 29, 2008, and further assumes that the Debtors operate in a "business as usual" environment (as depicted in the Weekly cash flow forecast that was updated as of April 11, 2008 (the "Updated DIP Forecast") until June 29, 2008 (the "Shut Down Date"), at which point all of the employees are released. We have assumed that the Chapter 7 activities commence on July 1, 2008 (the "Conversion Date").
- 2) The Chapter 7 liquidation period is assumed to last eighteen months following the appointment or election of a Chapter 7 trustee. It is assumed that none of the Debtors businesses will take receipt of any product and that the Debtors will not convert any raw materials or work-in process into finished goods.
- 3) Aside from the maintenance of a minimum cash balance, all distributions will be made as and when proceeds from the disposition of assets and collection of receivables are received. Projected recoveries have not been discounted to reflect the present value of distributions.
- 4) The Liquidation Analysis does not assume the sale of the Debtors' assets or any portion thereof on a going concern basis. As a result, the values reflected in the Liquidation Analysis are not indicative of the values that might be received were the Debtors to sell any of their assets as a going concern separately or as a whole. The values reflected in the Liquidation Analysis are based solely on the assumption that the Debtors pursue a pure liquidation under chapter 7 of the Bankruptcy Code.
- 5) Contingent Liability - This analysis does not include the possibility of liability under the WARN Act for 60 working days of wages totaling \$9.7 million. In the event of a liquidation, the Debtors may be faced with WARN liability unless the exposure can be ameliorated in whole or in part through an advance notice to employees or an exemption under the WARN statute. This liability would be treated as an administrative expense claim against the estates.
- 6) The Debtors have prepared this analysis assuming that all Chapter 7 and Chapter 11 administrative expense and pre-petition priority claims will be paid in full as part of the liquidation of the Debtors' assets. It is very possible that certain Chapter 7 administrative expenses, the Chapter 11 administrative expenses that are not included in a carve-out from the Lenders' collateral, and the pre-petition priority claims will not be paid ahead of payment on the Lenders' secured claims. In this event, the remaining balance due to the Lenders may be several million dollars lower than projected, and these administrative and priority claims would not be paid, leaving administratively insolvent estates.

Specific Assumptions/Footnotes

1) Sources

- a) Collection of A/R – we assumed that the Trustee will hire former employees at each of the Debtors in July and August to pursue collection of outstanding accounts receivable. At the end of August, any remaining open accounts receivable will be provided to a collection agency, which will be compensated at an assumed rate of 15%. We have assumed a 6 month process to collect remaining A/R. We estimated collection amounts based on a percentage of eligible A/R (65% for all Debtors' except Accu-Weld, for which we assumed 50%), and ineligible A/R (32.5% for all Debtors' except Accu-Weld, for which we assumed 12.5%).

- b) Sale of inventory – we assumed that all sales were for cash and that the buyer would be responsible for freight, which has historically been paid by the Debtors' and ranges from 3-5% of revenue. We further assumed that the Trustee will hire former employees to assist with the sales and pick/pack efforts.
 - i. Shapes - We assumed that the inventory will all be sold by the end of August and that the sale will generate proceeds equal to 83% of book value and 132% of borrowing base availability.
 - ii. Delair - We assumed that virtually all of the finished goods inventory will be sold by the end of August and that the remaining component parts would be sold at auction at the end of November. We assumed that the sale of inventory will generate proceeds equal to 54% of book value and 110% of borrowing base availability.
 - iii. Accu-Weld - We assumed that all of the inventory, the vast majority of which is raw materials or work in process, will be sold by the end of August and that the sale will generate proceeds equal to 28% of book value and 138% of borrowing base availability.
 - iv. Ultra - We assumed that all of the inventory would be sold at an auction at the end of October and that the auction will generate proceeds equal to 56% of book value and 106% of borrowing base availability.

- c) Sale of Machinery & Equipment – we used the Forced Liquidation Values in the December 17, 2007 Appraisal performed by Dovebid Valuation Services ("DVS") as our starting point, and incorporated an additional across-the-board discount of 10% to reflect the i) passage of time since the M&E Appraisal Date; ii) deterioration of the economy since the M&E Appraisal Date; iii) deterioration of the credit markets since the M&E Appraisal Date; and iv) the possibility that the DVS Liquidation Value did not necessarily reflect the fact that the facilities would be completely shut down and operated by a Chapter 7 Trustee. We incorporated an additional 10% discount for Shapes based on the general state of the extrusion market, and the small number of potential purchasers, and an additional 5% discount for Accu-Weld to reflect the general over-capacity in the replacement window market. Finally, we assumed a 5% recovery on the net book value of

Shapes' tools and dies, as these were not considered as art of Dovebids' appraisal. We assumed that the auctions would occur as follows:

<u>Entity</u>	<u>Month of Auction</u>
Shapes	March, 2009
Delair	February, 2009
Accu-Weld	January, 2009
Ultra	November, 2008

- d) Sale of Real Estate - we used the Liquidation Values in the September 28, 2007 Appraisal performed by Cushman & Wakefield ("C&W") as our starting point, and incorporated an additional across-the-board discount of 10% to reflect the i) passage of time since the RE Appraisal Date; ii) deterioration of the economy since the RE Appraisal Date; iii) deterioration of the credit markets since the RE Appraisal Date; and iv) the possibility that C&W's Liquidation Value did not necessarily reflect the fact that the facilities would be completely shut down and operated by a Chapter 7 Trustee. We incorporated an additional 10% discount for Shapes and Delair to reflect the limited alternative uses of this single parcel of land as well as the environmental issues that are present. We assumed that the RE would be sold as follows:

<u>Entity</u>	<u>Month of Sale</u>
Shapes	December, 2009
Delair	December, 2009
Accu-Weld	April, 2009
Ultra	March, 2009

- e) Other Assets
- i. Return of security deposits reflects the post-petition utility deposits that were incorporated into the DIP Forecast. We have assumed that these deposits are returned at the end of the liquidation period.
 - ii. Excess of L/C over Reserve for Workman's Compensation tail coverage represents the excess of the letters of credit issued to Argonaut and Royal over their established reserves as of 12/31/07. Royal provided coverage from 5/2001 through 4/2004 and has 4 open claims, while Argonaut provided coverage from 5/2004 thru 4/2006 and has 8 open claims. No additional claims will be filed. We have assumed that the beneficiaries will draw on the L/C's shortly after the Conversion Date and have incorporated the return of this excess collateral, which we have estimated at \$1.4 million, to the estate in December 2009.
 - iii. Recovery of avoidance actions – the Debtors have estimated that they made \$50,813,000 in payments in the 90 days prior to filing for bankruptcy protection. We have estimated that the Chapter 7 Trustee will be successful in

recovering 5% of this amount, or \$2,540,650, which we have assumed will be collected in December 2009.

2) Uses

a) Priority and Administrative

- i. Chapter 7 Trustee and Professionals – incorporates a fees equal to 3.0% of gross proceeds from liquidation – payable at the end of the liquidation process, as well as \$550,000 in fees to professionals hired by the Chapter 7 Trustee, which would be payable monthly.
- ii. Chapter 7 – Non Professionals – reflects \$1.1 million that will be owed to utilities as of the Shut Down Date.
- iii. Chapter 11 Priority Claims – includes accrued but unpaid payroll of \$1.2 million representing one week for union employees and 2 weeks for non-union employees, plus employer payroll taxes of 10.5%. WARN ACT obligations (60 work days or 12 weeks of payroll, which equates to \$9.7 million) have *not* been incorporated into this analysis.
- iv. Chapter 11 Administrative Claims – includes accrued but unpaid professional fees of \$932,000 which are reflected as being paid in January of 2009 from proceeds of the M&E auction; accrued but unpaid sales and use tax of \$80,000 (the same amount as existed as of the Filing Date); and \$748k in unpaid pre-petition real estate taxes which are paid in conjunction with the sale of the real estate (March 2009 and December 2009).

b) Wind Down Costs

- i. Includes estimated costs associated with personnel, shipping supplies, equipment rental, cleaning, telephone, utilities, insurance, real estate taxes, and security for each entity.
- ii. Includes \$1,350,000 in estimated environmental remediation expenses at Shapes and an additional \$1,000,000 of expenses at Shapes relating to the restoration of the Shapes building to a saleable state after the M&E auction.

c) Other

- i. Collection Agency fee – we assumed that all open A/R would be turned over to a collection agency at the end of August, that the agency would collect the remaining A/R over a 6 month period, and that the agency would earn a fee equal to 15% of what they collect;
- ii. Inventory liquidator fee – we incorporated a fee of 5% of the gross proceeds, plus an additional 75 basis points for expenses, relating to the auctions at Ultra (in October) and Delair (in November);
- iii. M&E Liquidator fee – we incorporated a fee of 10% of the gross proceeds, plus an additional 5% for expenses, relating to the auctions of M&E at each entity;
- iv. Reserve for M&E removal – we assumed that some of the M&E would not be sold at auction, and incorporated a removal reserve of \$250,000 at Shapes and \$75,000 at Accu-Weld;

- v. Real estate broker - we incorporated a fee of 6% of the gross proceeds realized from the sale of real estate.

3) Maintain Cash Balance

- a) Because there are months in which the estimated liquidation expenses exceed the estimated liquidation proceeds, we have incorporated a provision for establishing an interest-bearing bank account, which is used to pay for expenses in months 3, and 11 thru 17.
- b) Excess balances are used to repay secured debt at the end of the liquidation period.

4) Secured Debt Rollforward

- a) Beginning secured debt is derived from the 6/29/08 balance in the DIP Forecast, as follows:

Type of Debt	Amount
CIT Bank Group - Revolver	\$47,057,409
Arcus Term Loan	20,614,213
Total Secured Debt	\$67,671,612

- b) Draw under Letters of Credit – we have assumed that all letters would be immediately drawn upon, thereby increasing the CIT loan outstanding in July.
- c) Interest – we calculated the blended interest rate on the CIT Bank Group debt and Arcus Term loan as of 6/29/08 (assuming the letters of credit were fully drawn) and calculated a weighted average cost of secured debt of 7.31%. We assumed this blended rate for the entire liquidation period which further assumes that the CIT Bank Group and Arcus are paid down at the same proportional rate. We did not attempt to estimate the manner in which liquidation proceeds would be applied to the individual debt instruments.
- d) Additional Interest – Default Rate – we incorporated additional interest expense relating to the default rate of interest, which is an additional 2% under the CIT Bank Group debt, and 3% under the Arcus Term Loan.
- e) Letter of Credit Fee – we assumed that any outstanding letters of credit would accrue fees at the annual rate of 3.00%, which is the stated rate in the CIT loan documents.
- f) Fees- Arcus – incorporated at \$80,000 per month.
- g) Fees – CIT – incorporated at \$13,750 per month per the terms of their Agent's Fee Letter.
- h) Return of Cash Balance – incorporates the return of excess cash balances in the bank account at the end of the liquidation period as described above.

- i) Paydown – for modeling purposes, we assumed that the Net Proceeds from Liquidation in every month (in excess of the amounts deposited into the bank account as described above) would be used to reduce the Secured Debt.
- 5) Shortfall to Secured Creditors – net proceeds from liquidation have been estimated at \$62.0 million, which will result in a shortfall of \$19.7 million to the secured creditors. In addition, there is an additional \$3.8 million of priority payments (503(b)(9) claims and accrued vacation and sick time) that would be paid before any distribution to the unsecured creditors, resulting in a total shortfall of \$23.5 million. Accordingly, there would be no distribution to unsecured creditors.

Comparison with Balance Sheet and Borrowing Base

Exhibit 2 compares various appraisal values with the estimated 6/29/08 book values, the estimated 6/29/08 borrowing base amounts, and the estimated liquidation values.

EXHIBIT “E”

Aluminum Shapes USEPA Lead Off-Site Environmental Liability CERCLA §106 Sites

- Ewan Superfund Site, Shamong Township, NJ
 - National Priorities List Site; EPA ID #NJD980761365
 - USEPA Estimated Costs:
 - Aluminum Shapes Estimated Percentage Share of Costs: 2.42% cap
 - Natural Resource Damages: (complaint filed)*

- D'Imperio Superfund Site, Hamilton Township, NJ
 - National Priorities List Site; EPA ID #NJD980529416
 - USEPA Estimated Costs:
 - Aluminum Shapes Estimated Percentage Share of Costs: 1.86% cap
 - Natural Resource Damages: (unknown at this time)

- Swope Oil and Chemical Company Superfund Site, Pennsauken Township, NJ
 - National Priorities List Site; EPA ID #NJD041743220
 - USEPA Estimated Costs:
 - Aluminum Shapes Estimated Percentage Share of Costs:
 - Natural Resource Damages: (unknown at this time)

* This claim is a NJDEP Claim.

II. Aluminum Shapes USEPA Lead Off-Site Environmental Liability Non-CERCLA §106 Sites

- Puchack Wellfield, Pennsauken Township, New Jersey*
 - National Priorities List Site; EPA ID #NJD981084767
 - USEPA Estimated Costs – \$17,000,000.00
 - Aluminum Shapes Estimated Percentage Share of Costs
 - Natural Resource Damages: (unknown at this time)

- Lightman Drum Company Site, Winslow Township, NJ
 - CERCLA ID #02-2000-2034
 - USEPA Estimated Costs:
 - Aluminum Shapes Estimated Percentage Share of Costs: 1.90%
 - Natural Resource Damages: (unknown at this time)

- Chemical Control Corporation, Elizabeth, NJ
 - National Priorities List Site; EPA ID #NJD000607481
 - USEPA Estimated Costs:
 - Aluminum Shapes Estimated Percentage Share of Costs: de minimis contributor; less than .0467% (believe Aluminum Shapes may have previously settled)
 - Natural Resource Damages: (unknown at this time)
 - (Liability may be resolved pursuant to a consent decree or settlement agreement and subject to confirmation)

- Berks Associates/Douglassville Disposal, Douglassville, PA
 - National Priorities List Site; CERCLIS ID #PAD002384865
 - USEPA Estimated Costs:
 - Aluminum Shapes Estimated Percentage Share of Costs: de minimis contributor; 0.15283% of past costs, 0.07803% future costs (Aluminum Shapes may have previously settled for \$119,975.98 – awaiting confirmation)
 - Natural Resource Damages: (unknown at this time)
 - (Liability may be resolved pursuant to a consent decree or settlement agreement and subject to confirmation)

* This site is also subject to NJDEP directives.

III. Aluminum Shapes New Jersey Department of Environmental Protection Lead Off-Site Environmental Liabilities

- NONE -

IV. State Environmental Claims and Environmental Litigation

- 9000 River Road, NJDEP 1992 Directive and Notice to Insurers
 - Directed Aluminum Shapes to identify and address all sources contributing to chromium contamination in the soil and groundwater at Aluminum Shapes' facility and to prevent migration of chromium contamination.
 - Aluminum Shapes and NJDEP entered into a Memorandum of Agreement dated June 23, 1993 in which Aluminum Shapes agreed to undertake remedial activities and to pay 80% of the cost of performing those activities. Remediation at the site is ongoing.
- Harris v. Advanced Supply Process Company, et al.; Superior Court of New Jersey, Camden County, Law Division, Docket No.: L-03815-02
 - Class action lawsuit in which Aluminum Shapes is identified as a defendant.
 - Plaintiffs allege that Aluminum Shapes was negligent in the operation of its metal plating business resulting in the discharge of hazardous substances to soil and groundwater.
- Pennsauken Solid Waste Management Authority, et al. v. Ward Sand Material Co., Inc., et al., Superior Court of New Jersey, Camden County, Law Division, Docket No.: L-13345-91
 - Aluminum Shapes is identified as a defendant.
 - Plaintiffs allege that defendants are responsible for the surface and groundwater contamination at the Pennsauken Landfill.
- Buzby Brothers Landfill, Voorhees, NJ
 - Not a National Priorities List Site: EPA ID #NJD000305524
 - USEPA Estimated Costs:
 - Aluminum Shapes Estimated Percentage Share of Costs: de minimis contributor (Aluminum Shapes may have previously settled for \$60,000 subject to confirmation)
 - Natural Resource Damages: (yes, complaint filed)
 - (Liability may be resolved pursuant to a consent decree or settlement agreement, and subject to confirmation)

EXHIBIT F

Current Financial Information

Shapes/Arch Holdings, LLC
Consolidate Profit and Loss Statement

	ACTUAL Jan-08	ACTUAL Feb-08	ACTUAL 2 Months
SALES			
SALES	\$ 19,536,386	\$ 19,200,547	\$ 38,736,933
INTER-COMPANY ELIMINATIONS	(2,131,000)	(1,937,000)	(4,068,000)
NET SALES	\$ 17,405,386	\$ 17,263,547	\$ 34,668,933
COST OF SALES			
MATERIAL COST	12,824,404	11,873,000	24,697,404
INTER-COMPANY ELIMINATIONS	(2,258,000)	(2,064,000)	(4,322,000)
MANUFACTURING EXPENSES	5,177,330	5,059,600	10,236,930
	15,743,734	14,868,600	30,612,334
GROSS PROFIT	\$ 1,661,652	\$ 2,394,947	\$ 4,056,599
MATERIAL COST %	65.64%	61.84%	63.76%
GROSS PROFIT %	9.55%	13.87%	11.70%
OPERATING EXPENSES			
DELIVERY EXPENSES	910,000	963,000	1,873,000
SELLING EXPENSES	759,500	767,700	1,527,200
DEPRECIATION/AMORTIZATION	778,000	764,000	1,542,000
GENERAL & ADMINISTRATIVE	1,507,170	1,452,700	2,959,870
INTER-COMPANY ELIMINATIONS	(6,000)	(6,000)	(12,000)
TOTAL OPERATING EXPENSES	3,948,670	3,941,400	7,890,070
OPERATING INCOME	\$ (2,287,018)	\$ (1,546,453)	\$ (3,833,471)
INTEREST EXPENSE	319,000	266,000	585,000
OTHER INCOME	157,000	145,000	302,000
INTER-COMPANY ELIMINATIONS	(133,000)	(133,000)	(266,000)
NET OTHER INCOME	24,000	12,000	36,000
EXTRAORDINARY ITEMS	-	-	-
PRETAX NET INCOME	\$ (2,582,018)	\$ (1,800,453)	\$ (4,382,471)
EBITDA	\$ (1,485,018)	\$ (770,453)	\$ (2,255,471)

Shapes/Arch Holdings, LLC
Monthly Balance Sheet

<u>Assets</u>	<u>12/31/07</u>	<u>1/31/08</u>	<u>2/29/08</u>
Cash	\$ -	\$ -	\$ -
Accounts Receivable	21,684,000	23,877,000	29,167,000
Inventory	45,871,000	44,044,000	44,302,000
Prepays	1,420,000	1,261,000	1,345,000
Current Assets	\$ 68,975,000	\$ 69,182,000	\$ 74,814,000
Net PPE	67,565,000	67,214,000	66,802,000
Other Asset	579,000	560,000	541,000
Total Assets	\$ 137,119,000	\$ 136,956,000	\$ 142,157,000
<u>Liabilities</u>			
Accounts Payable	27,988,000	31,268,000	35,663,000
Accrued Expenses	5,454,000	4,637,000	6,142,000
Current Liabilities	\$ 33,442,000	\$ 35,905,000	\$ 41,805,000
Revolver	41,693,000	41,815,000	43,081,146
Term Loan	8,844,000	8,678,000	8,514,000
Subordinated Debt	5,991,000	5,991,000	5,991,000
Members Equity	47,149,000	44,567,000	42,765,854
Total Liabilities & Equity	\$ 137,119,000	\$ 136,956,000	\$ 142,157,000

EXHIBIT “G”

Aluminum Shapes Policy History

Effective Dates	Company	Policy No.	Type	Limits
12/1/69 - 12/1/70	INA	lab18929	Blanket Liab	500/500
7/20/67 - 12/1/70	INA	xbx8959	Exc Blanket Cat	10,000,000
12/1/70 - 12/1/73	INA	xbx8976	Exc Blanket Cat	2Million
12/1/70 - 12/1/71	INA	lab18958	Blanket Liab	500/500
12/1/71 - 12/1/72	INA	lab18994	Blanket Liab	500/500
12/1/72 - 12/1/73	INA	gal20758	Spec Multi Peril	
12/1/72 - 12/1/75	Continental Cas	rdx8946600	Excess Umb	5,000,000
12/1/73 - 12/1/76	Continental Cas	rdx1470864	Excess Umb	9,000,000
12/1/73 - 12/1/74	Reliance	ga1473720	CGL	500/500
12/1/74 - 12/1/75	Reliance	ga3035028	CGL	500/500
12/1/75 - 3/23/76	Reliance	ga6519260	CGL	500/500
3/23/76 - 3/23/77	Reliance	ga6522440	CGL	500/500
3/23/77 - 3/23/78	Reliance	ga7159900	CGL	500/500
3/23/77 - 3/23/78	Interstate Fire	1550025305	Umb	5,000,000
7/1/77 - 7/1/78	Liberty Mutual	lg1132027931027	CGL	1,000,000
7/1/77 - 7/1/78	Liberty Mutual	le1132027931047	Umb	10,000,000
7/1/78 - 7/1/79	Liberty Mutual	lg1132027931028	CGL	1,000,000
7/1/78 - 7/1/79	Liberty Mutual	le1132027931048	Umb	10,000,000
7/1/79 - 7/1/80	Liberty Mutual	lg1132027931029	CGL	1,000,000
7/1/79 - 7/1/80	Liberty Mutual	le1132027931049	Umb	10,000,000
7/1/80 - 7/1/81	Liberty Mutual	lg1132027931020	CGL	1,000,000
7/1/80 - 7/1/83	Mission	m864630	Umb	15,000,000
7/1/81 - 7/1/82	Liberty Mutual	lg13202731021	CGL	1,000,000
7/1/81 - 7/1/82	Mission	m864630	Umb	15,000,000
7/1/82 - 7/1/83	Liberty Mutual	lg1132027991022	CGL	1,000,000
7/1/82 - 7/1/83	Mission	m864630	Umb	15,000,000
7/1/83 - 7/1/84	Liberty Mutual	lg113207991023	CGL	1,000,000
7/1/83 - 6/1/84	Mission	mn024269	Umb	15,000,000
6/1/84 - 6/1/85	Highlands	sf22142	Umb	10,000,000
6/1/84 - 6/1/85	RLI	dxu813482	Excess Umb	5,000,000
7/1/84 - 6/1/85	PMA	g13084000004473	CGL	1,000,000
6/27/85 - 6/1/88	Granite State	2cx008206	Umb	1,000,000
6/1/85 - 6/1/88	PMA	g13084000004473	CGL	1,000,000

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Aluminum Shapes Policy History

6/1/85 - 6/1/86	Granite State	61856673	Umb	1,000,000
6/1/86 - 7/1/87	Home Indemnity	GL894651	GL	2,000,000
6/1/86 - 6/1/87	Federal	79294344	Umb	15,000,000
7/1/87 - 7/1/88	Home Indemnity	GLK887824	GL	2,000,000
7/1/88 - 7/1/89	Federal	79072831	Umb	15,000,000
7/1/88 - 7/1/89	Zurich	cg1608337200	GL	2,000,000
7/1/89 - 7/1/90	Federal	79072831	Umb	25,000,000
7/1/89 - 7/1/90	Home Indemnity	gk887258	GL	2,000,000
7/1/90 - 7/1/91	Federal	79072831	Umb	25,000,000
7/1/90 - 7/1/91	Wassau	11210057466	GL	2,000,000
7/1/91 - 7/1/92	Federal	79072831	Umb	25,000,000
7/1/91 - 7/1/92	Wassau	11210057466	GL	2,000,000
7/1/92 - 7/1/93	Federal	79072831	Umb	25,000,000
7/1/92 - 7/1/93	Wassau	11220057466	GL	2,000,000
7/1/93 - 7/1/94	National Union	gl5012210	GL	2,000,000
7/1/93 - 7/1/94	Federal	79072831	Umb	25,000,000

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